

processing in the country. Similar Schemes are proposed to be implemented during the Ninth Plan also.

Afforestation around Lakes

5830. DR. KRUPASINDHU BHOI : Will the Minister of ENVIRONMENT AND FORESTS be pleased to state:

(a) whether the Government have any proposal to undertake afforestation drive around some major lakes in the country;

(b) if so, the names of these lakes and the states where these lakes are located; and

(c) the details of the fund allocation made to the respective states for the purpose?

THE MINISTER OF ENVIRONMENT AND FORESTS (PROF. SAIFUDDIN SOZ) : (a) and (b) Under the National Lake Conservation Plan (NLCP), 11 out of 21 identified urban lakes were proposed for conservation under phase I. Catchment conservation including afforestation around the lake formed a part of the pre-feasibility reports for these lakes, namely:

1. Sukhna Lake	Chandigarh
2. Dal Lake	Jammu & Kashmir
3. Kodaikanal Lake	Tamil Nadu
4. Ooty Lake	Tamil Nadu
5. Bhoj Lake	Madhya Pradesh
6. Sagar Lake	Madhya Pradesh
7. Hussain Sagar Lake	Andhra Pradesh
8. Powai Lake	Maharashtra
9. Udaipur Lake System	Rajasthan
10. Nainital Lake	Uttar Pradesh
11. Rabiindra Sarobar Lake	West Bengal

Besides this the following 18 waterbodies in the country have been identified by the Ministry for intensive conservation under the scheme on conservation and management of Wetlands. Afforestation is one of the integral component of this scheme.

Sl.No.	Name of the Wetland	State
1	2	3
1.	Kolleru	Andhra Pradesh
2.	Wular	Jammu & Kashmir
3.	Tso Morari	Jammu & Kashmir
4.	Chilka	Orissa

1	2	3
5.	Loktak	Manipur
6.	Sambhar	Rajasthan
7.	Sasthamkorta	Kerala
8.	Asthmudi	Kerala
9.	Nalsarovar	Gujarat
10.	Harike	Punjab
11.	Kanjli	Punjab
12.	Ropar	Punjab
13.	Ujni	Maharashtra
14.	Renuka	Himachal Pradesh
15.	Ponodam	Himachal Pradesh
16.	Chandratol	Himachal Pradesh
17.	Kabar	Bihar
18.	Deepar Beel	Assam

(c) The National Lake Conservation Plan has been proposed for inclusion in the IXth Plan.

Worlds Bank's Assessment

5831. SHRIMATI SARADA TADIPARTHI : Will the Minister of PLANNING AND PROGRAMME IMPLEMENTATION be pleased to state:

(a) whether the World Bank has assessed the functioning of Planning Commission in regard to monitoring of funds;

(b) if so, the details thereof; and

(c) the corrective steps proposed to be taken in this regard?

THE MINISTER OF STATE OF THE MINISTRY OF PLANNING AND PROGRAMME IMPLEMENTATION AND MINISTER OF STATE OF THE MINISTRY OF SCIENCE AND TECHNOLOGY (SHRI YOGINDER K. ALAGH) : (a) and (b) The following observations were made in the World Bank country Study titled India - 5 Years of Stabilisation and Reform and the Challenges Ahead (1996):

"Weaknesses in the planning process should also be addressed. Reform of the Planning Commission's budgetary guidelines and procedures would encourage states to undertake structural budgetary reforms to enhance their

capacity to provide or supplement the provision of infrastructure effectively and efficiently. A quick way to cut the "Gordian Knot" of state budgetary design would be to abolish the distinction between "Plan" and "non-Plan" expenditure as it relates to current account expenditures; so that the vital budget distinction would become that between current and capital expenditure. Under the logic of existing arrangements states have incentives to propose plan projects greatly in excess of their absorptive capacity. Consequently, many of these schemes cannot be completed as proposed and transferred resources get diverted into current expenditures. Efforts should be aimed at ensuring that borrowed resources are utilized only for such expenditure that yield a return adequate to meet the cost of borrowing. Options for reform of central plan transfers could include: (i) delinking the grant and loan components of transfers from the center to the states, and replacing the loan component of state plan assistance with specific purpose loans that are best intermediated to banks, with generous provision of technical assistance, particularly for states with weak implementation capacity; and (ii) replacing the current system of thinly spread central resources across a multitude of central schemes (covering all states and monitored by different central ministries), with a more compact set of well targeted transfers focused on the most needy states." (p. 67)

The Planning Commission does not agree with the above views, which seem to be based on a complete misunderstanding of the role of the Commission and the way in which the planning process, at both State and Central levels, actually operates in the country. As per the Resolution setting up Planning Commission. Planning Commission *inter-alia* formulates the Plan for the most effective and balanced utilisation of the country's resources, and the responsibility for taking and implementing decisions rests with the Central and State Governments. Within this broad framework, efforts are made by the Planning Commission to ensure that funds allocated to the States are utilised for the intended productive purposes through sectoral allocations and earmarking of funds for specified schemes/projects. The creative role of planning in India, has been brought out amongst others even by studies of the IMF staff. A study entitled 'Integral Migration, Centre-State Grants, and Economic Growth in the States of India' by Paul Cashin and Ratna Sahay *vide* IMF Staff Paper Vol. 43, No. 1, March 1996, PP 123 to 171 clearly brings out the beneficial impact of resources transfers from Centre to States, and therefore of planning in India. To quote the IMF staff papers study. "Have the initially poor economies of India grown faster than their initially rich counterparts? A key conclusion of this paper is that there has indeed been convergence in real per capita incomes across the states of India during the period 1961-91. The convergence found is absolute because it occurs when no explanatory variables other than the initial level of *per capita* income are held constant" (pp 163- 164) and again "However, grants from the Central Government to the states did ensure that the dispersion of state real *per capita* disposable incomes was narrower than state real *per capita* incomes, as relatively

more grants were transferred to poor states than to their rich counterparts (p.164).

As regards the other points relating to distinction between plan and non-plan expenditure, delinking of loan components from grants of Central assistance and replacing the loan components by specific purpose loan etc. the position may be stated as under:

The Planning Commission examined issues concerning distinction between plan and non-plan expenditure and found it a useful distinction because plan expenditure is more oriented towards productive investment as well poverty alleviation and employment programmes. This distinction between Plan and Non-Plan expenditure is proposed to be retained in the Ninth Plan also. The distribution formula for Central transfer to States is determined by the National Development Council and takes into consideration the needs of the weak States as well as other relevant factors e.g. population. There are different grant loan proportion applicable to special category States and non-special category States as well as for Centrally sponsored schemes and it is not feasible nor desirable to stop loan assistance to States for their Plans and make them dependent on banks for financing of all plan projects. While implementation issues are given importance, a State Plan is a development strategy and not just a vehicle for profitable banking loans.

As regards Centrally sponsored schemes relevant issues were considered by the Planning Commission and their views have been incorporated in the Approach Paper to the Ninth Five Year Plan (1997-2002) as under:

5.11 As regards Centrally Sponsored Schemes (CSS), there is no doubt that there has been a proliferation of such schemes over the years. Efforts have been made from time to time to transfer schemes to the States alongwith resources but such efforts have been of a very limited nature. The result is that in 1995-96 there were 182 CSS with a total outlay of the order of Rs. 16,000 crores. Many of these schemes relate to subjects falling squarely within the competence of the State Governments. In principle, Centrally Sponsored Schemes should be confined to schemes of an inter-state character; matters impinging on national security; selected national priorities where Central supervision is essential for effective implementation; and multi-State externally financed projects where Central coordination is necessary for operational reasons. Except for such schemes, all other schemes should be transferred to States alongwith corresponding funds. The exact details of the schemes which can be so transferred would have to be worked out in consultation with the Central as well as State Governments so as not to cause any disruption in the fields." (p.106.)

(c) Does not arise.